
CITY COLLEGES OF CHICAGO'S ADMINISTRATION OF THE FEDERAL PELL GRANT PROGRAM

FINAL AUDIT REPORT



Audit Control Number 05-80016
July 1998

Our mission is to promote the efficient
and effective use of taxpayer dollars
in support of American education



U.S. Department of Education
Office of Inspector General
Chicago, IL

NOTICE

Statements that management practices need improvement, as well as other conclusions and recommendations in this report, represent the opinions of the Office of Inspector General. Determination of corrective action to be taken will be made by appropriate Department of Education officials. This report may be released to members of the press and general public under the Freedom of Information Act.

City Colleges of Chicago's Administration of the Federal Pell Grant
Program - Audit Control Number 05-80016

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July 23, 1999

MEMORANDUM

TO: Greg Woods, Chief Operating Officer
Office of Student Financial Assistance

FROM: Richard J. Dowd
Regional Inspector General
for Audit, Region V

SUBJECT: FINAL AUDIT REPORT
City Colleges of Chicago, Chicago, Illinois
Administration of the Federal Pell Grant Program
ED Audit Control Number 05-80016

Attached is the final audit report on City Colleges of Chicago's administration of the Federal Pell Grant Program. In accordance with the Department's Audit Resolution Directive, you have been designated as the action official responsible for the resolution of the findings and recommendations in this report.

If you have any questions or wish to discuss the contents of this report, please contact me at 312-886-6503. Please refer to the above audit control number in all correspondence relating to this report.

Attachment

July 23, 1999

Dr. Wayne Watson, Chancellor
City Colleges of Chicago
226 West Jackson
Chicago, Illinois 60606

Dear Dr. Watson:

Attached is our Final Audit Report entitled, "City Colleges of Chicago's Administration of the Federal Pell Grant Program." If you have any additional comments or information that you believe may have a bearing on the resolution of this audit, you should send them directly to the following Education Department official, who will consider them before taking final Departmental action on the audit:

Greg Woods, Chief Operating Officer
Office of Student Financial Assistance
U.S. Department of Education
Regional Office Building, Room 4004
7th and D Streets, S.W.
Washington, D.C. 20202-5340

Office of Management and Budget Circular A-50 directs Federal agencies to expedite the resolution of audits by initiating timely action on the findings and recommendations contained therein. Therefore, receipt of your comments within 35 days would be greatly appreciated.

In accordance with the Freedom of Information Act (Public Law 90-23), reports issued to the Department's grantees and contractors are made available, if requested, to members of the press and the general public to the extent information contained therein is not subject to exemptions in the Act.

Sincerely,

Richard J. Dowd
Regional Inspector General
for Audit - Region V

Attachment

EXECUTIVE SUMMARY

City Colleges of Chicago [CCC] generally administered the Federal Pell Grant Program [Pell] during the 1996-97 award year in accordance with applicable program requirements. However, CCC: (1) inconsistently applied satisfactory academic progress [SAP] standards, and (2) did not make Pell refunds at three colleges, and did not calculate and refund Pell accurately and timely at four colleges. The Office of Student Financial Assistance [OSFA] should instruct CCC to: (1) refund \$254,999 of Pell disbursed to ineligible students; (2) refund \$308,106 unless CCC can provide supporting documentation for waiving its SAP standards; (3) review all appeals not included in our samples in the 1996-97 award year and subsequent award years, and refund Pell disbursed to ineligible students; (4) improve the appeal process; (5) refund \$21,638 for unpaid and incorrectly calculated 1996-97 Pell refunds; (6) pay \$1,963 for costs the U.S. Department of Education [ED] incurred as a result of CCC's failure to pay refunds within regulatory time limits; (7) pay all refunds due from the three colleges that did not calculate 1996-97 Pell refunds, exclusive of the amounts we calculated for these three colleges; and (8) recalculate all Pell refunds not included in our samples for the 1996-97 award year and refund the amount due to ED.

CCC did not agree with the amount of liability that should be established because it did not correctly apply its SAP standards, but generally agreed with our finding pertaining to refunds. CCC agreed with many of Office of Inspector General's [OIG] recommendations although it suggested some changes. We have considered CCC's comments and made some minor revisions to the report including some recommendations. We also agreed to remove our recommendations that OSFA fine CCC as permitted under 34 Code of Federal Regulations [CFR] 668, Subpart G. CCC's response to the draft report included voluminous documentation. Therefore, we have attached the transmittal letter, but not the documentation to the report. Instead, we are forwarding the documentation to the action official along with the final report.

CCC Did Not Consistently Apply Standards for Determining SAP

CCC did not consistently apply SAP standards during the appeal process. CCC waived its SAP standards despite evidence that students' appeals were inappropriate. As a result, CCC disbursed \$254,999 of 1996-97 Pell funds to ineligible students. CCC also disbursed \$308,106 of 1996-97 Pell funds despite not having sufficient evidence to support its decisions to waive its SAP standards. These waivers affected students' eligibility in subsequent award years as well.

We recommend that OSFA instruct CCC to: (1) refund \$254,999; (2) provide support for or refund \$308,106; (3) review all appeals not included in our samples in the 1996-97 award year and subsequent award years, and refund Pell disbursed to ineligible students; and (4) improve the appeal process.

CCC Failed to Make Pell Refunds and Did Not Make Pell Refunds Timely and Accurately

Three of CCC's seven colleges did not refund 1996-97 Pell for any students who withdrew or dropped out prior to the end of a semester or payment period. The remaining four colleges

did not refund 1996-97 Pell within regulatory time limits, did not always accurately calculate refunds, and in some cases failed to refund Pell.

We recommend that OSFA instruct CCC to: (1) refund \$21,638 for unpaid and incorrectly calculated 1996-97 Pell refunds; (2) pay \$1,963 for costs ED incurred as a result of CCC's failure to pay refunds within regulatory time limits; (3) pay all refunds due from the three colleges that did not calculate 1996-97 Pell refunds, exclusive of the amounts we calculated for these three colleges; and (4) recalculate all Pell refunds not included in our sample for the 1996-97 award year and refund the amount due to ED.

AUDIT RESULTS

CCC generally administered Pell during the 1996-97 award year in accordance with applicable program requirements. However, CCC: (1) inconsistently applied SAP standards, and (2) did not make Pell refunds at three colleges, and did not calculate and refund Pell accurately and timely at four colleges. OSFA should instruct CCC to: (1) refund \$254,999 of Pell disbursed to ineligible students; (2) refund \$308,106 unless CCC can provide supporting documentation for waiving its SAP standards; (3) review all appeals not included in our samples in the 1996-97 award year and subsequent award years, and refund Pell disbursed to ineligible students; (4) improve the appeal process; (5) refund \$21,638 for unpaid and incorrectly calculated 1996-97 Pell refunds; (6) pay \$1,963 for costs ED incurred as a result of CCC's failure to pay refunds within regulatory time limits; (7) pay all refunds due from the three colleges that did not calculate 1996-97 Pell refunds, exclusive of the amounts we calculated for these three colleges; and (8) recalculate all Pell refunds not included in our samples for the 1996-97 award year and refund the amount due to ED.

CCC Did Not Consistently Apply Standards for Determining SAP

CCC did not consistently apply SAP standards during the appeal process. CCC waived its SAP standards despite evidence that students' appeals were inappropriate. As a result, CCC disbursed \$254,999 of 1996-97 Pell funds to ineligible students. CCC also disbursed \$308,106 of 1996-97 Pell funds despite not having sufficient evidence to support its decisions to waive its SAP standards. These waivers affected students' eligibility in subsequent terms as well. For details of the finding for each college, see Exhibit A.

We recommend that OSFA instruct CCC to: (1) refund \$254,999; (2) provide support for or refund \$308,106; (3) review all appeals not included in our samples in the 1996-97 award year and subsequent award years, and refund Pell disbursed to ineligible students; and (4) improve the appeal process.

CCC Waived SAP Standards for Ineligible Students and Could Not Support Appeal Decisions

CCC waived its SAP standards and disbursed \$254,999 of 1996-97 Pell grant funds to ineligible students in our samples. CCC also disbursed \$308,106 of 1996-97 Pell despite not having sufficient evidence to support the decisions to waive its SAP standards. However, CCC reinstated students' eligibility based on their appeals. These decisions affected students' eligibility in subsequent terms as well.

Students Must Maintain SAP

According to 34 CFR 668.32(f), a student must maintain SAP as defined by the institution's published standards to participate in programs authorized by Title IV of the Higher

Education Act of 1965, as amended [HEA]. Additionally, 34 CFR 668.16(e) requires institutions to establish, publish and apply reasonable standards for measuring whether an otherwise eligible student is maintaining SAP. Per 34 CFR 668.16(e)(5), for these standards to be considered reasonable, they must, among other things, provide specific procedures under which a student may appeal a determination that he/she is not maintaining SAP. Per 34 CFR 668.16(e)(3), an institution must apply its SAP standards consistently.

CCC's Standards Define SAP

CCC's SAP standards require that students:

1. Maintain a minimum cumulative grade point average [GPA] based on a specified range of cumulative registered hours.
2. Pass at least 75 percent of their college level credit hours (67 percent part-time) as program credit hours each semester or term.
3. Pass at least 75 percent of their remedial credit hours (67 percent part-time) each semester or term.
4. Complete their requirements for an advanced certificate or associate degree within 150 percent of the length of their academic programs.

CCC's SAP Standards Permit Waiving SAP Standards for Extenuating Circumstances or Administrative Error

If a student fails to meet any of the first three standards, CCC places him/her in a warning status for one semester. CCC also places the student on warning status when he/she comes within 12 semester hours of the 150 percent limit. If a student fails to meet these standards after the warning period, CCC places a financial aid hold on the student. CCC will lift this hold if the student files an appeal based on an extenuating circumstance or an administrative error that occurred in the semester the hold was placed.

CCC's standards define extenuating circumstances as the death of a relative/guardian, an injury or illness of the student or relative/guardian, or other documented circumstance including a personal circumstance, a change in educational goals, or a change in employment status. According to City Colleges of Chicago Guidelines For The Review, Resolution, and Follow-Up For Students In Exclude and Academic Warning Status, [Review Guidelines] students must provide documentation of extenuating circumstances with their appeals. Other CCC standards state that an administrative

CCC Waived SAP Standards for Invalid Reasons

error occurs when CCC's computer system miscalculates GPA, registered hours, or successfully completed hours.

From a universe of 7,055 financial aid holds, we randomly selected and reviewed 786 appeal forms to evaluate the appeal process. We questioned 330 decisions to waive the SAP standards because none of the bases for the appeals met CCC's definitions of "extenuating circumstances" as published in the City Colleges of Chicago Student Policy Manual and Satisfactory Progress Documentation Guidelines for the Appeal Process. For example, CCC lifted 88 holds although the appeals had no stated reason and 43 holds based on a rationale not covered by CCC's standards. As a result, CCC disbursed \$254,999 of Pell to ineligible students.

The following are examples (see Exhibit B for specifics) of the bases that CCC used to waive its SAP standards, but the bases for the students' appeals did not meet the definition of extenuating circumstances:

- Wilbur Wright College officials lifted a hold because a student claimed she did not know she was in an academic program and did not do well because she did not study enough.
- Kennedy-King College officials lifted a hold because a student stated he was not really in college for development. He was living with his sister who insisted he attend school in order to live there.
- Harry S. Truman College officials lifted a hold because a student stated he did poorly because he was "apsent" (sic) from class many times but would do better next term.
- Richard J. Daley College officials lifted a hold because a student stated his lack of studying, note taking, and not coming to school on time caused his unsatisfactory performance.
- Harold Washington College officials lifted a hold placed after the Spring 1996 semester because a student stated that in 1981 she was not interested in attending college and her mother was ill at that time.
- Olive-Harvey College officials lifted a hold because a student said he was failing and just did not go to class.
- Malcolm X College officials lifted a hold because a student stated she dropped a class because she did not have a book and could not get a babysitter.

CCC Waived Its SAP Standards Without Support for Its Decisions

CCC did not provide sufficient evidence to support the decisions to lift 372 holds. For example, CCC officials did not provide appeal forms to us for 131 of these holds. Also, CCC officials at individual campuses lifted 102 holds because of administrative errors but did not provide us with documentation detailing the errors or showing the correction. As a result CCC disbursed \$308,106 of Pell without adequate support for its decision.

We believe CCC did not comply with the SAP regulations because of significant weaknesses in management controls over the appeal review process. As a result, CCC disbursed Pell to ineligible students, and could not support its decisions to waive its SAP standards for other students. Additional details on these weaknesses are addressed in the Statement on Management Controls in the Appendix.

RECOMMENDATIONS

We recommend that OSFA instruct CCC to:

1. Refund \$254,999 of Pell disbursed to ineligible students for the 1996-97 award year;
2. Provide adequate support or refund \$308,106 of Pell disbursed for the 1996-97 award year;
3. Review all appeals not included in our samples in the 1996-97 award year and subsequent award years, have an independent certified public accounting firm attest to the results of this review, and refund Pell disbursed to ineligible students.
4. Improve its appeal process. The following suggestions may improve CCC's appeal process. CCC should consider:
 - Updating the Satisfactory Progress Documentation Guidelines for the Appeal Process, last published in 1988.
 - Requiring that the central office provide training to the campus trainers who will then train all employees with authority to lift holds to ensure uniformity of the appeal process.
 - Ensuring that officials at the individual colleges do not approve appeals based on administrative errors that originate at the individual college unless they document the source of the mistakes, record the appropriate program codes on the appeal form, and correctly calculate the appropriate adjustment.

- Ensuring that officials at the individual colleges do not approve appeals based on administrative errors that originate at the central office unless they document receipt of written notification from central office that it has corrected such errors.
- Ensuring that officials do not accept or process appeal forms that are not signed by students, and ensure that no holds are lifted unless an authorized official signs the appeal forms.
- Specifying in the standards which CCC officials have the authority to lift holds.
- Reviewing prior appeals to determine if the students followed recommendations on those appeal forms when considering current appeals.
- Requiring that officials prepare the completion agreement sections on all appeal forms to demonstrate that they informed students on how to maintain SAP.
- Requiring the same version of appeal forms be used throughout the CCC system for each type of hold.
- Requiring internal audit staff to perform annual checks on the appeal process at each college.

CCC's COMMENTS AND OIG'S RESPONSE

CCC did not agree on the amount of liability that should be established as a result of ineligible students receiving Pell. Our draft audit report recommended that OSFA establish a potential liability of \$565,392. CCC stated that the liability should be reduced to \$296,550 for several reasons. We reviewed CCC's comments and the additional documentation it submitted in an effort to rebut deficiencies for specific students. With a few minor exceptions, we found no basis to change the finding. We did, however, revise some recommendations. The specific comments and our response *[in italics]* to each comment are as follows:

1. CCC stated that federal literature clearly indicates that 2-year institutions with graduated standards do not need to collect third-party documentation to corroborate claims of extenuating circumstances for academic exclude petitions because the regulations do not apply to such institutions.

The regulations established in 34 CFR 668.32(f), state that a student must maintain SAP as defined by the institution's published standards to participate in programs authorized by the HEA. This requirement applies to all students without regard to the type of institution in which he/she is enrolled. Additionally, 34

*CFR 668.16(e) requires **all** institutions to **establish, publish and apply reasonable** standards for measuring whether an otherwise eligible student is maintaining SAP. For these standards to be considered reasonable, they must, among other things, provide specific procedures under which a student may appeal a determination that he/she is not maintaining SAP [34 CFR 668.16(e)(5)]. They must also provide for consistent application of standards to all students within categories such as part-time students and full-time students [34 CFR 668.16(e)(3)].*

At the end of our survey phase, we discussed the matter of students receiving Pell while not maintaining SAP. At that time, we stated that we did not believe any student was denied an appeal for reinstatement of eligibility, and we were going to perform additional tests to determine if the CCC's procedures for reviewing student appeals were ensuring that only eligible students received Pell. At that time, CCC officials gave us two documents to use in our testing: the Review Guidelines; and SATISFACTORY PROGRESS DOCUMENTATION GUIDELINES FOR THE APPEAL PROCESS CITY COLLEGES OF CHICAGO FOR ADMINISTRATION/ FACULTY/ STAFF. We used these documents as our basis for testing the controls over appeal process.

The Review Guidelines, which appear to comply with the regulations, state that all students must submit a written statement or petition requesting readmission if they have been excluded from enrollment because of poor scholarship. The Review Guidelines further state:

“The student must provide documentation of extenuating circumstances claimed by filing such material in the Admissions and/or Registrar ’s office. Unless all of the above materials have been received by the Admissions and/or Registrar ’s office . . . the request for readmission will not be considered.”

In its response, CCC refers to the City Colleges of Chicago Academic Policy (March 1984) as the basis for its appeal process. They did not provide us a copy of that document. However, in the City Colleges of Chicago Student Policy Manual, CCC states that, “Excluded students must petition the college at which they intend to register. . . . A readmission petition may be approved by

the college administration for good and sufficient reasons.” This document does not define the term “good and sufficient reasons,” and does not require students who completed less than four semesters (equivalent to two academic years of attendance) to submit documents to support the basis of the appeal. However, this same document requires that students who are excluded after the end of five semesters:

*“ . . . must complete a petition for readmission that is accompanied with documents verifying the extenuating circumstances that impaired their cumulative GPA. Acceptable causes are (1) the death of a relative and/or guardian of the student; (2) an injury or illness of the student and/or one of the student’s guardians, children and/or relatives; or (3) other documented special circumstances approved by the college. If their petition **and corroborative documentation** [emphasis added] are approved, they may register for classes at the same college or apply for enrollment at any of the other City Colleges of Chicago and receive financial aid if eligibility has been determined.”*

We do not believe the process in the City Colleges of Chicago Student Policy Manual complies with the regulations in 34 CFR 668.16(e)(3). To comply, CCC should consistently apply the same review process standards to all students; i.e., require all students who file appeals to submit supporting documentation for the extenuating circumstances. Therefore, we have not changed our finding.

2. CCC stated that OIG auditors cited several schools for failing to collect re-entry petitions for students who did not need to submit petitions. They said the City Colleges of Chicago Student Policy Manual indicates that students who previously submitted a successful appeal to re-enter CCC did not need to submit a new petition if they did not achieve the required cumulative, minimum grade point average, but earned a 2.25 grade point average in the preceding term. However, those students who had 46 or more credit hours in similar circumstances needed to re-petition, regardless of the grade point average they earned in the previous term.

We cited CCC for failing to provide appeal forms for all of the students we tested. We did not previously determine if students had 2.25 term grade point averages prior to requesting the appeal forms. We requested appeal forms to determine if CCC properly determined that students who had exclude holds placed on their accounts were eligible for readmission and were eligible for financial aid.. At no time did CCC officials tell us that the reason an appeal form was not provided was because the student had a 2.25 grade point average in the previous term and did not need to submit an appeal. Regardless, 34 CFR 668.16(e)(3) requires institutions to consistently apply standards for determining satisfactory academic progress. Additionally, the Review Guidelines that CCC officials provided to us at the end of the survey phase require all students with exclude holds to submit appeals showing extenuating circumstances, and provide documentation to support the basis of their appeals. These guidelines do not state that students who had exclude holds but had 2.25 term grade point averages need not appeal their holds.

3. CCC said we should rescind from our finding those students who did not complete 75 percent of their courses in each term, but came within 3 hours of meeting this completion rate. They indicated that the 3-hour difference was a cushion deliberately created when CCC decided to adopt a 75 percent completion rate on June 20, 1994. CCC said that, mathematically, students need to complete 66.6 percent of the college level courses in which they are enrolled each term to ensure they complete their academic programs within 150 percent of the minimum length. The 3-hour cushion is the difference between 66.6 percent and the 75 percent requirement in the student policy manual. CCC commented that we should not cite those students whose completed hours met the unpublished 3-hour cushion as an adverse finding.

CCC's policy states that all full-time students must complete 75 percent of their college level courses in each term. The policy does not document a 3-hour cushion that effectively reduces the percent to 66.6. Under the written policy, students who do not complete 75 percent of their college level courses are not maintaining satisfactory progress. By using the cushion, CCC is applying an unpublished policy that is less stringent than described in its published guidelines and is not complying

with the regulations. Under 34 CFR 668.16, institutions must not only establish and apply reasonable standards for determining if students are maintaining satisfactory academic progress, they must also publish those standards.

4. CCC stated that the Student Program Administration System [SPAS] computer system erroneously calculated the total hours some students completed, which resulted in an incorrect determination that these students were not maintaining satisfactory progress. However, several deans and registrars have manually determined the correct value of the program hours that SPAS should have displayed at the time of the appeal.

CCC failed to attach supporting documentation showing that deans and registrars recalculated completed hours to reach the conclusion that students were maintaining satisfactory academic progress. In many instances, student appeal forms had handwritten comments implying a possible error in the SPAS programming. Yet there was no documentation to show the magnitude of the error, or to support that an error actually occurred. CCC's response does not rebut the finding.

5. CCC said the OIG should drop from the audit report any part of our finding that pertains to missing student signatures on appeal forms. It stated that some problems do not need student signatures to be rectified.

Our finding does not indicate that student signatures are necessary to rectify problems. The matter of missing student signatures addresses weaknesses in CCC's controls over the appeal process. When an appeal form is missing a student's signature, CCC cannot support that the student actually submitted the appeal form. Therefore, we do not agree with CCC's argument that the issue should be removed from the report.

6. CCC stated that we included inappreciable practice violations in our audit report, and that these matters should be removed.

Our audit findings all represent material noncompliance with applicable regulations, or significant weaknesses in CCC's controls over the appeal process.

7. CCC stated that we should remove the examples of exclude petitions in Exhibit B because the federal regulations and college policy allow for re-admissions based solely on undocumented extenuating circumstances. CCC stated that it has the regulatory freedom to impose the petition process on academic excludes after they have attempted 46 credit hours, and CCC incorporates the appeal process as an academic advising and student counseling provision for students who are victims of extenuating circumstances. CCC said that our featuring copies of petitions filed by students who were in dire need of tutorial, counseling, and/or academic advising is malicious and does not prove criminal and/or incompetent violations of the regulations.

We agree that CCC has the regulatory freedom to establish, publish, and apply satisfactory academic progress policies that are reasonable. CCC also must consistently apply these policies to categories of students. The copies of appeal forms in Exhibit B merely represent examples of appeal forms we reviewed in our audit. We concluded that these appeal forms did not represent extenuating circumstances to explain why the students did not maintain satisfactory academic progress, yet CCC lifted the holds and permitted these students to participate in Pell. Because we removed any item that may have identified the students who filed the appeals, their inclusion is not malicious. Additionally, we did not state that we believed these items represented any criminal or incompetent violations by anyone at CCC. Thus, we did not remove them from Exhibit B.

8. CCC stated that our report did not provide any basis for our conclusion that it **was** too lenient in determining what is an extenuating circumstance. CCC added that the number of holds a student has had during enrollment is not, by itself, an indicator that it was too lenient, and that references to the average number of holds per student should be removed.

Upon consideration of CCC's comments, we have changed the wording pertaining to this matter in our Statement on Management Controls by saying that ". . . CCC's officials **may have been** [emphasis added] too lenient when determining what is an extenuating circumstance."

9. CCC suggested several wording changes to the recommendations included in this finding, and disagreed with our recommendation in the Draft Audit Report that OSFA use fines to encourage CCC to attain compliance with applicable regulations. It stated that, with the exception of the findings in the Draft Audit Report, OIG had concluded that CCC had generally administered Pell in accordance with applicable program requirements. CCC stated that, because there was no criminal conduct by its officials, and because no previous audits have disclosed these findings, fines are not necessary to bring CCC into compliance.

Upon review of CCC's response, we have removed the recommendation to fine CCC from the audit report and have made wording changes where we believed them to be appropriate.

CCC Failed To Make Pell Refunds and Did Not Make Pell Refunds Timely and Accurately

Three of CCC's seven colleges did not refund 1996-97 Pell for any students who withdrew or dropped out prior to the end of a semester or payment period. The remaining four colleges did not refund 1996-97 Pell within regulatory time limits, did not always accurately calculate refunds, and in some cases failed to refund Pell. For details of the finding for each college, see Exhibit C.

We recommend that OSFA instruct CCC to: (1) refund \$21,638 for unpaid and incorrectly calculated 1996-97 Pell refunds; (2) pay \$1,963 for costs ED incurred as a result of CCC's failure to pay refunds within regulatory time limits; (3) pay all refunds due from the three colleges that did not calculate 1996-97 Pell refunds, exclusive of the amounts we calculated for these three colleges; and (4) recalculate all Pell refunds not included in our samples for the 1996-97 award year and refund the amount due to ED.

CCC Failed to Make Pell Refunds and Did Not Make Pell Refunds Timely and Accurately

Officials at Richard J. Daley, Kennedy-King, and Olive-Harvey Colleges did not calculate and refund 1996-97 Pell for students who withdrew or dropped out prior to the end of a semester or payment period. The remaining four colleges did not refund 1996-97 Pell within regulatory time limits, did not always accurately calculate refunds, and in some cases failed to refund Pell.

Regulations Establish Time Frame for Refunding Pell

According to 34 CFR 668.22(j)(4), an institution shall pay a refund that is due within 30 days after a student officially withdraws or is expelled, or within 30 days from the date in which the institution determines that the student has dropped out. Also, 20 United States Code @ 1097(a) states that any person who knowingly and willfully fails to refund any funds under the HEA may be subject to criminal penalties.

Three Colleges Did Not Calculate Refunds

For the three colleges that failed to calculate and refund Pell, we selected a random sample of 69 students from 216 students listed on each college's "Prospective Refunds and Repayments Reports" for the Fall 96 and Spring 97 semesters. We calculated that CCC owed \$16,751 in refunds for these 69 students. Additionally, we determined that ED incurred financing costs of \$1,392 (simple interest at applicable U.S. Treasury Rates) as a result. We calculated this cost based on the time between each refund's due date and October 31, 1998. Our field work ended on October 27, 1998, so we decided to use the October 31 date to calculate interest through the end of the month. If CCC had not paid the refunds by this date, then ED incurred additional costs.

Four Colleges Miscalculated Refunds

For the remaining four colleges, we randomly selected 114 students from 343 listed in each college's Prospective Refunds and Repayments Reports for the Fall 96 and Spring 97 semesters. We found that CCC failed to calculate refunds for 19 of these students totaling \$4,887. For the remaining 96 students, CCC miscalculated refunds for 38, resulting in a net overpayment of \$462. We also found that CCC took an average of 91 days to refund Pell, resulting in ED incurring financing costs of \$571 as of October 31, 1998. For those refunds that CCC made, financing costs are based on the time between the date the refund was due and the date CCC posted the refund to the students' accounts.

RECOMMENDATIONS

We recommend that OSFA instruct CCC to:

1. Refund \$21,638 of 1996-97 Pell;
2. Pay \$1,963 for costs ED incurred;
3. Pay all refunds due from the three colleges that did not calculate 1996-97 Pell refunds, exclusive of the amounts we calculated in our samples; and
4. Recalculate all Pell refunds not included in our sample for the 1996-97 award year.

An independent certified public accounting firm should attest to CCC's results for recommendations 3 and 4 above.

CCC's COMMENTS AND OIG'S RESPONSE

CCC disagreed with three of the refunds included in the amount shown in the draft report. They stated that, for two of the refunds, OIG auditors erred by not considering excess aid applied to charges from prior terms as aid paid to the student. CCC stated that, in both cases, the students permitted CCC to apply excess aid over tuition and fees to prior charges. For the third refund, CCC stated the OIG auditors erred because we overstated tuition and fees by \$20, thereby overstating the refund due by \$5. Also, as stated above, CCC disagreed with our recommendation to establish a fine to ensure compliance with the regulations.

We reviewed the amounts disputed by CCC and agreed with its position. We have amended the report to show that the total errors resulted in a net overpayment of \$462, instead of a net underpayment of \$186. We have also reduced the recommended cost to be recovered for late payment of refunds related to the three refunds. Finally, we removed the recommendation that OSFA fine CCC to bring it into compliance.

Other Matters

CCC's assessment centers did not provide test results to The College Board, the publisher of the test it used to determine ability to benefit [ATB] during the 1996-97 Pell award year. Additionally, Harold Washington College's assessment center allowed applicants to take the ATB test twice in a calendar year without seeking prior written permission from the Dean of Student Services.

According to 34 CFR 668.152(b)(2), if an assessment center scores an ATB test, the center must provide annually to the test publisher all copies of completed tests or a report listing all test-takers' scores. The College Board requires assessment centers to submit results. Additionally, CCC's District Assessment and Placement Program Procedures Manual states that if an applicant fails an ATB test, the applicant must wait one year to retake the test unless he/she receives written permission from the Dean of Student Services.

Background

CCC is a community college district established in 1911. The seven colleges that make up CCC are Richard J. Daley College, Kennedy-King College, Malcolm X College, Olive-Harvey College, Harry S. Truman College, Harold Washington College, and Wilbur Wright College. The North Central Association of Colleges and Schools accredits the colleges as public institutions. The Illinois Community College Board licensed CCC and the Commission on Institutions of Higher Education accredited CCC during the 1996-97 audit period.

CCC participated in the Pell program during the period July 1, 1996 through June 30, 1997. Title IV of the HEA authorized this program. The regulations contained in Title 34 of the CFR, Parts 600, 668, and 690 regulate the institutional eligibility, student assistance general provisions, and specific requirements of the Pell program. All regulatory citations in the report are to the codification in effect as of July 1, 1996.

CCC accounting records show that it disbursed \$20,979,117 in Pell on behalf of 15,300 students in the 1996-97 award year.

Purpose, Objectives, Scope, and Methodology

The purpose of our audit was to determine whether CCC administered the Pell program according to laws and regulations authorized by Title IV of the HEA. Our overall objectives included examining: (1) internal controls and the reliability of computer-processed data, (2) institutional and student eligibility, (3) cash management and financial responsibility, and (4) overall administration and compliance with Pell program requirements. Our specific objectives included reviewing and evaluating: (1) satisfactory academic progress and CCC's appeal process, (2) refund accuracy and timeliness, and (3) ATB test reporting procedures. Our audit covered the July 1, 1996 through June 30, 1997 award year. With respect to the reliability of CCC's computer processed data, we extensively relied on the data contained in CCC's computer system. Our review of system controls and security cast doubts on the data's validity. However, when these data are viewed in context with other available evidence, we believe the opinions, conclusions, and recommendations in this report are valid.

To achieve the purpose and objectives of our audit we reviewed: written operating policies, procedures, and guidelines covering enrollment, eligibility (institutional and student), refunds, attendance, verification, ATB testing, and Pell draw downs and distributions; the most recent A-133 audit reports and related working papers; state licensing and accrediting agency documents; college catalogs; accounting and administrative records and procedures created and/or maintained by CCC including bank and Pell draw down reports; Pell budgets; Institutional Participation and Oversight Service (IPOS) files and program review reports; organizational charts; Pell grant data retrieved from National Student Loan Data System; participation agreements with ED; SAP appeals, and selected student files.

We also interviewed CCC officials, ED regional personnel, The College Board officials, and CCC's independent public accountant. We conducted the field work at the individual colleges and at CCC's

central office in Chicago, Illinois from June 23, 1998 to October 26, 1998. We did additional audit work in our office from October 27, 1998 to February 12, 1999. We conducted our audit in accordance with government auditing standards appropriate to the scope described above.

Statement on Management Controls

As part of our audit, we made an assessment of CCC's controls over the Pell program. Specifically, we reviewed CCC's policies, procedures and practices applicable to the Pell program. The purpose of our assessment was to determine the level of control risk; that is, the risk that material errors, irregularities, or illegal acts may occur. The control risk assessment was performed to assist us in determining the nature, extent, and timing of substantive tests needed to accomplish our audit purpose and objectives.

To make the assessment, we identified and classified the significant management controls into the following categories: institutional eligibility, program eligibility, student eligibility, cash management, and file maintenance. Because of inherent limitations, a study and evaluation made for the purpose described above would not necessarily disclose all material weaknesses in the control structure. However, we identified several material weaknesses that adversely affected CCC's ability to administer the Pell program. These weaknesses specifically affected CCC's controls over its processes for (1) reviewing and granting student appeals after they have lost eligibility based on failure to maintain SAP, and (2) calculating and making refunds. The weaknesses specific to the refund process are fully disclosed in the second finding of this report. The weaknesses related to the appeal process are discussed in general terms in the first finding of this report, and more specifically below. We found that CCC's controls did not prevent the following from occurring:

1. CCC accepted and processed 38 of 786 appeal forms that lacked student signatures. Without signatures, we cannot be certain the students actually filed the appeal.
2. CCC approved 23 of 786 appeal forms without signing them. Without signatures, we do not know who made the decisions, and whether they had the authority to make them.
3. Officials at each college decided who had the authority to approve appeals because CCC's standards do not address the issue. For example, at Olive-Harvey College the Registrar's Office approves appeals, but at Harold Washington College, the Student Services Office approves appeals. We believe CCC's standards should specify who should have this authority to ensure uniformity.
4. Approving officials did not attach required computer printouts as part of the support for waiving the SAP standards. CCC's standards require such documentation to be attached to the appeal form because CCC's computer system is a continually updated database. This information is needed to evaluate the basis of an appeal and to document the student's status at the time of the appeal. A change in educational programs or an administrative error cannot be supported without this documentation. While CCC officials may have reviewed this information at the time of the appeal, their failure to attach the documentation to the appeal form does not provide historical evidence to support their decision.

5. Approving officials may not have considered students' prior holds when reviewing current appeals. Students in our samples had an average of approximately 4.5 holds placed on their financial aid during their enrollment in CCC (as of December 1998). One student had 22 holds during his enrollment. Thus, CCC officials had to lift 21 holds because new holds cannot be placed until old holds are released. Per CCC's standards, holds are not to be lifted except for extenuating circumstances. We believe it is unlikely that one student can have 21 extenuating circumstances. Based on the results of our sample and the average number of financial aid holds per student, we believe that CCC's officials may have been too lenient when determining what is an extenuating circumstance.
6. Approving officials did not always prepare the "completion agreement" section of the appeal form. This section is designed to document restrictions or actions the student must take to maintain SAP in the future. Without completing this section, CCC has no evidence to show that approving officials counseled the students and subjected the students to specific courses and credit hour restrictions, per CCC's standards. This could be an underlying reason why students repeatedly fail to maintain SAP.
7. The basis for approving the waiver did not always apply to the hold the students were appealing. We found numerous instances in which CCC officials waived the SAP standards for students who had not completed 75 percent of their academic programs based on the rationale that the students' GPAs were satisfactory. GPA has no effect on this type of hold. Approving officials may not understand the intent of the hold.
8. Students received Pell that exceeded specified limits. We found students at Olive-Harvey and Harold Washington Colleges who received Pell based on more hours than they were limited to, as documented on their appeal forms. If an approving official waives the 150 percent maximum because the student has changed majors (educational goals), the appeal form requires the approving official to calculate the number of extended hours needed to graduate and the number of these hours that could be covered by financial aid. However, only the extended hours needed to graduate could be entered into the computer system. The computer system disbursed financial aid based upon the number of extended credit hours without regard to financial aid limitations. To prevent this from happening, the approving authority should have notified the financial aid office of these limitations. Either this did not occur, or the financial aid office did not make the adjustment. We did not perform tests at other colleges to determine if this occurred, but it is likely. CCC needs procedures to ensure that the colleges are adhering to limits on financial aid.
9. Students did not always use the proper appeal form for the type of hold being appealed. For example, students at Truman College used the appeal forms pertaining to the 75 percent completion requirement when appealing remedial holds. The calculations to determine the number of deficient credit hours are different on each form. As a result, officials may be approving appeals based on incorrect calculations of deficient credit hours.
10. Approving officials did not always document their approval on the official appeal forms. For example, approving officials at Kennedy-King College documented their approval to lift holds on counseling forms instead of the official appeal forms. The audit trail for the decision would be lost if the counseling form is lost.

EXHIBIT A

RESULTS OF ANALYSIS OF APPEAL PROCESS REVIEW

College	Accepted Appeals	Questioned Appeals	Unsupported Appeals	Total	Accepted Pell \$	Questioned Pell \$	Unsupported Pell \$	Total
Richard J. Daley	6	43	76	125	\$3,705	\$28,426	\$57,100	\$89,231
Malcolm X	0	42	67	109	0	35,171	57,469	92,640
Harold Washington	17	49	41	107	11,116	35,713	31,117	77,946
Olive-Harvey	17	47	47	111	14,861	37,389	45,348	97,597
Kennedy-King	12	45	51	108	10,839	40,354	36,366	87,560
Wilbur Wright	21	59	24	104	11,404	43,013	18,990	73,407
Harry S. Truman	11	45	66	122	11,803	34,933	61,716	108,452
Grand Total	84	330	372	786	\$63,728 10.17%	\$254,999 40.68%	\$308,106 49.15%	\$626,833 100%

1-7-96
11:00 am

City Colleges of Chicago

William Wright College

APPEAL OF UNSATISFACTORY ACADEMIC PROGRESS STATUS FOR FEDERAL FINANCIAL AID ELIGIBILITY (HOLD 13/19)

Summer 19 Fall 19 97 Spring 19

Last N

1. STUDENT INFORMATION: What is your major?

Major _____ Degree/Certificate _____ Program Code _____

A. WRITE A LETTER EXPLAINING YOUR LACK OF ACADEMIC PROGRESS AND ATTACH DOCUMENTATION TO IT, IF NEEDED, TO SUPPORT YOUR CLAIM.

B. CHECK THE FOLLOWING:

- ☐ -Personal Illness
☐ -Personal Circumstances
☐ -Change in Educational Goals

Semester/Year _____

- ☐ -Imposed Change in Employment
☐ -Other Reasons

Semester/Year _____

2. COLLEGE EVALUATION

Program Code in SPAS: W001 Corrected code, if necessary: _____

Program Completion Hours Adjustment Calculation (PCHA or PCHB must be set in SPAS with the release of the HOLD):

Registered Hours (REGS): 20

minus Remedial Hours (REM): - 10

Attempted Hours: = 10

X 75% full-time (67% part-time) 7

Minimum satisfactory hours: 7

Program Hours
in SPAS (PHRS) _____

Program Completion Hours
Adjustment (PCHA or PCHB)
1-3 hrs: no student documents
4+ hrs: student documents required

3. OUTCOME

☒ Appeal Approved

☒ Appeal Denied

Rationale: Student must write a letter explaining his lack of academic progress. G.P.A. is below required standard.

Preparer's Signature: _____

Date: 1/6/97

4. STUDENT PROGRAM COMPLETION AGREEMENT

☒ I understand I must successfully complete at least 75% of my courses taken each term (67% for part-time students).

☐ I understand I must take required courses that count towards the completion of my academic program.

Core/Additional Core: 3

General Education: 2

Electives: _____

Student's Signature: _____

Administrator's Approval: _____

Date: 1-6-97

Date: 1/8/97

Attach copies of STATUS, HISTORY, STUDENT PROGRAM REQUIREMENTS, PROGRAM INFORMATION, and, if necessary, student support documentation.

CCC Revised 06/22/95

~~My lack of~~

First I really didnt know I was
an or in an ~~act~~ academic program
I thought I was in regular
classes. I dont really think
I can say why I am lacking.
I assume its because I dont
study enough. I will study
for an hour & stop. Therefore
I will try to improve.

PETITION FOR READMISSION ACADEMIC EXCLUSION

NAME _____

1. List the factor(s) which caused your unsatisfactory academic performance. Attach copies of any documents that substantiate these factors.

I WASN'T REALLY HERE FOR DEVELOPMENT. I WAS LIVING WITH MY
SISTER WHO INSISTED I ATTEND SCHOOL IN ORDER TO LIVE WITH HER. THE
LIVING ARRANGEMENT DID NOT WORK OUT FOR ME

2. If you are readmitted, what changes have occurred in your life which will improve your academic performance?

I AM WORKING IN THE FIELD OF THE COURSES I AM TAKING AND TO
RECEIVE AN AAS DEGREE IS MY GOAL (SHORT TERM) FOR NOW

I hereby certify that all above statements are true and accurate and understand that false statements could result in my permanent exclusion. If readmitted, I understand that I must not alter the approved course load listed below without the written approval of the readmission committee. Excluded students who are readmitted are required to repeat at least three credit hours of courses in which they receive a D or an F grade.

01-08-97

Date

College Use Only

REG HRS _____

PRG _____

GPA _____

PETITION DENIED (Reason(s)) _____

☒ PETITION GRANTED

Subject to restrictions of _____

☒ You must limit your academic course load so as not to exceed 12
 credit hours.

Previous term GPA is above minimum

STUDENT'S APPROVED CLASS SCHEDULE

COURSE TITLE/NUMBER	CREDIT HOURS	COURSE TITLE/NUMBER	CREDIT HRS
091-0201	3	091-0212	3
091-0125	3		
091-0101	3		
091-0101	3		

illeg

Copy 2 - Readmissions

Copy 3 - Student

TRUMAN COLLEGE

PETITION FOR READMISSION

Readmission Petition
Feb 96

USC

Na

Ad

CHECK ONE: Fall ☐ Spring ☐ Summer ☐CHECK ONE: Full-time ☒ Part-time ☐

ening)

List colleges and universities you have attended other than Truman College

versing
Major area of academic interest

Name

Dates

Academic Status when you left

☐ Good standing☐ Not good standing☐ Good standing☐ Not good standing

All students must explain their lack of academic progress by carefully answering questions 1. and 2. below. In addition, students with 46 or more registered hours must document their lack of progress in their last semester of enrollment. Use an additional sheet, if needed.

1. What are the reasons for your unsatisfactory record?

Because I was absent from class many times

2. Why do you believe you are now capable of doing satisfactory college work? Include your specific academic area of interest and goals for this semester.

Because I believe that I will do my job better than ever.

I understand that withholding information or giving false information will invalidate this petition. I agree to abide by any conditions imposed on my re-admission.

Date

7-30-96

Approved/Denied, Reasons

Denies. Report Frg. 035/116

Special Conditions

Must see a Counselor in Rm 1435 for Academic advancement before mid-term

Document/s Provided (where applicable)

Approved by

Date

8/26/96

511240
ORIGINAL-Registrar

DO NOT WRITE IN THIS SPACE

CURRENT GPA _____
SEMESTER _____ YEAR _____

RICHARD J. DALEY COLLEGE

Office of Admissions and Records

PETITION FOR READMISSION

Semester: _____

NAME: _____

ADDRESS: _____
S

TELEPHONE: _____

____ Evening

List all colleges and universities attended, including CCC campuses:

Name of College

Dates Attended

DALEY

Please read the following carefully and be certain you understand what you are signing.

1. On the narrative form I have indicated the circumstances leading to my unsatisfactory record. Supporting documentation is attached.
2. My narrative also indicates why I feel I should be re-admitted and how I think I can improve my record.
3. I understand my need to meet with the Student Facilitator and with my Faculty Advisor at least twice during the semester.
4. I also understand that no action will be taken on this petition until all documents are on file in the Admissions Office. I further understand that withholding information or giving false information will result in denial of this petition and/or immediate and permanent dismissal from Richard J. Daley.

DATE: 01/06/97

SIGNATURE: _____

OFFICE USE ONLY:

____ ACCEPTED ____ DENIED ____ SPEC. CONDITIONS

COMMITTEE ACTION: ☒ Accepted ____ Denied ____ Accepted-Special Conditions

APPEAL ACTION: _____

Signature

Signature

Page Two

PETITION FOR READMISSIONS (cont).

Indicate the factor(s) which led to poor academic progress. (Request a copy of your SPAS history).

My poor academic performance was cause by a lack of studying, notes taking and ~~to~~ not coming to school on time.

What are you going to do differently that will improve your academic standing (be specific).

I am going to study more put myself on a schedule where I can study spend more time on study where I don't have to work and spend less time going out.

HAROLD WASHINGTON COLLEGE PETITION FOR READMISSION

Name: _____

City: _____

Address: _____

(street & no.)

(city)

(state)

(zip)

Phone number: _____

I am petitioning for admission as a ☒ full-time, ☐ part-time student for the semester beginning Fall, ☐ Spring, ☐ Summer, 1996. College from which I was excluded: HWC

Are you employed? ☒ Yes ☐ No How many hours 20/wk. Area of Concentration ENGINEERING

Please answer the questions below as fully and completely as you can (attach an additional sheet if you wish). Your answers will play an important part in the Petition Committee's decision. Be sure to type or write legibly. Students who have accumulated 46 or more registered hours MUST provide documentation with their petitions explaining the extenuating circumstance(s) that caused their lack of academic progress.

I believe the following circumstances explain my unsatisfactory record:

IN 1981 I WAS UNINTERESTED IN ATTENDING COLLEGE, ALSO I WAS ATTENDED TO MY MOTHER WHO WAS ILL AT THAT TIME.

If admitted to Washington College, I think I can improve my record because:

I HAVE BEEN TAKING CLASSES, READY TO FURTHER MY CAREER.

I understand that withholding information or giving false information will invalidate this petition. I agree to abide by any conditions imposed on my admission.

Date

7-10-96

DO NOT WRITE BELOW THIS LINE

Petition Committee Decision:

Deny _____ 12 with Repeat _____
☒ 1 course _____ Take Placement Test _____
 _____ 2 courses ☒ Counseling 101 _____
 _____ 3 courses _____ Others _____

Repeat D/F Course

Signature _____

Deny _____ 12 with Repeat _____
 _____ 1 course _____ Take Placement Test _____
☒ 2 courses ☒ Counseling 101 _____
 _____ 3 courses _____ Others _____

Repeat R/F Course

Deny _____ 12 with Repeat _____
 _____ 1 course _____ Take Placement Test _____
 _____ 2 courses _____ Counseling 101 _____
 _____ 3 courses _____ Others _____

Signature _____

Date _____

ag/12/93

921-177

**APPEAL OF UNSATISFACTORY ACADEMIC PROGRESS STATUS
FOR FEDERAL FINANCIAL AID ELIGIBILITY (HOLD 13/19)**

Summer 19 ____ Fall 19 96 Spring 19 ____

Last Name: ____

1. **STUDENT INFORMATION:** What is your major? Child Development AA Degree/Certificate Program Code ____

A. WRITE A LETTER EXPLAINING YOUR LACK OF ACADEMIC PROGRESS AND ATTACH DOCUMENTATION TO IT, IF NEEDED, TO SUPPORT YOUR CLAIM.

B. CHECK THE FOLLOWING:

☐ -Personal Illness Spring 96 Semester/Year
☐ -Personal Circumstances Spring 96 Semester/Year
☐ -Change in Educational Goals Spring 96 Semester/Year
☐ -Imposed Change in Employment Spring 96 Semester/Year
☐ -Other Reasons Spring 96 Semester/Year

2. **COLLEGE EVALUATION**

Program Code in SPAS: ____ Corrected code, if necessary: ____

Program Completion Hours Adjustment Calculation (PCHA or PCHB must be set in SPAS with the release of the HOLD):

Registered Hours (REGS): 60
 minus Remedial Hours (REN): - 14
 Attempted Hours: = 46

X 75% full-time (67% part-time) Minimum satisfactory hours: 35 - 26 = 9

Program Hours in SPAS (PHRS) 26 Program Completion Hours Adjustment (PCHA or PCHB) 9
 1-3 hrs: no student documents
 4+ hrs: student documents required

3. **OUTCOME**

☒ Appeal Approved ☐ Appeal Denied

Rationale: Student must provide satisfactory info to determine ability to complete courses

Preparer's Signature: ____ Date: 7-2-96

4. **STUDENT PROGRAM COMPLETION AGREEMENT**

Student must take required courses that count towards program completion of major.

Core/Additional Core: ____
 General Education: ____
 Electives: ____

Student's Signature: ____ Date: 7-2-96
 Administrator's Approval: ____ Date: 7-2-96

Attach copies of STATUS, HISTORY, STUDENT PROGRAM REQUIREMENTS, PROGRAM INFORMATION, and, if necessary, student support documentation.

CCC Revised 06/12/95

Signature _____ Title _____ Date _____

24993-B (1-95) Copy 1 - College Copy 2 - Readmissions Copy 3 - Student

CITY COLLEGES OF CHICAGO

MX COLLEGENARRATIVE IN SUPPORT OF APPEAL OF UNSATISFACTORY PROGRESS STATUS
FOR FINANCIAL AID ELIGIBILITY (HOLD 13)SUMMER 19____, FALL 19 96, SPRING____I PLAN TO REGISTER FOR 12 HOURS AT Malcolm X COLLEGE

YOU HAVE BEEN EXCLUDED FROM MALCOLM X COLLEGE (AND THE OTHER CITY COLLEGES OF CHICAGO) FOR UNSATISFACTORY PROGRESS. THIS FORM MUST BE COMPLETED AS PART OF YOUR APPEAL FOR READMISSION.

PLEASE WRITE A DETAILED NARRATIVE WHICH MUST INCLUDE THE FOLLOWING:

1. THE PROBLEM WHICH CAUSED YOUR PROGRESS TO BE UNSATISFACTORY.
2. A SUMMARY OF THE BACKGROUND CIRCUMSTANCES.
3. A STATEMENT CONCERNING THE SUPPORTIVE DOCUMENTATION YOU ARE PRESENTING (ALL DOCUMENTATION MUST BE FROM "THIRD-PARTY" SOURCES.)
4. A STATEMENT OF WHAT MEASURES YOU HAVE TAKEN TO PREVENT RECURRENCE OF THE PROBLEM.

The reason for dropping the class was because I didn't have a book. And I couldn't get a babysitter. And once you get behind it is hard to catch up.

RESULTS OF ANALYSIS OF REFUND REVIEW

College	No Refunds Made by CCC (students)	Difference in Refund Calculation ED-OIG vs. CCC (students)	Correct Refund Calculation (students)	No Pell Disbursed at Time of Withdrawal (students)	Total	No Refunds Made by CCC (Dollars)	Difference in Refund Calculation ED-OIG vs. CCC (Dollars)	Average Number of Days to Refund Pell	Interest Incurred by ED (Dollars)
Richard J. Daley	15	0	0	4	19	\$3,942	\$0		\$350
Kennedy-King	20	0	0	2	22	5,120	0		429
Olive-Harvey	26	0	1*	1	28	7,689	0		613
Subtotal	61	0	1	7	69	\$16,751	\$0		\$1,392
Malcolm X	2	27	20	2	51	604	77	38	115
Harry S. Truman	0	2	13	2	17	0	(104)	94	32
Harold Washington	15	5	4	4	28	2,895	(343)	135	291
Wilbur Wright	2	4	7	5	18	1,388	(92)	97	133
Subtotal	19	38	44	13	114	\$4,887	(\$462)	364	\$571
Grand Total	80	38	45	20	183	\$21,638	(\$462)	91	\$1,963

* Malcolm X College calculated the refund for this student.



Wayne Watson, Ph.D.
Chancellor

July 2, 1999

**Richard Dowd, Regional Inspector General
Office of the Inspector General
U.S. Department of Education
111 North Canal Street, Suite 940
Chicago, IL 60606**

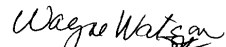
**AUDIT RESPONSE
Draft Audit Report
ACN: 05-80016**

Dear Mr. Dowd:

Thank you for the extensions of two months to compile our responses to the *Draft Audit Report* (ACN 05-80016). Our Student Support Services personnel exerted considerable effort, during the busiest segment of the fiscal year, to analyze the events and circumstances that yielded the audit exceptions.

Please examine and incorporate our recommendations with the final draft of your report to the Office of Student Financial Assistance Programs (OSFAP). A slightly amended form of your recommendations, with corresponding explanations, was developed from the analyses. Concurrences were rendered from the hundred percent audits of the refund calculations. A substantial decrement in financial liabilities, attributed to the satisfactory academic progress audit exceptions, was attained by rigorous reconstructions of data profiles associated with the dates of student appeals. Worksheets and relevant appeal documents have been enclosed to justify our recommended reduction in financial penalties. The incorporation of our response with your report will yield a more viable assessment for OSFAP.

Sincerely,


Wayne Watson, PhD
Chancellor
City Colleges of Chicago

Community College District No. 508

Daley College, Kennedy-King College, Malcolm X College, Olive-Harvey College, Truman College, Harold Washington College, Wright College

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